

# Farmers Make Record Showing With Loan

## Great Agricultural States Exceeding Quotas, as Appeal Comes in the Flush Time of Year

By AGNES C. LAUT.

Is the farmer buying Liberty Bonds? With the banner farm State of Iowa gone over the top in subscriptions in less than three days, not counting Sunday, and with individual farmers in such wheat States as the Dakotas and Kansas and Minnesota coming into the banks of little towns and taking the entire quota assigned to the district, farmers think you had better not ask the question, "Are farmers buying Liberty bonds?"

Yet certain newspapers keep harking back to the foolish charge that farmers are not buying bonds, that farmers paid only 1 per cent. of the total income taxes in 1917, that farmers, in a word, are slackers when it comes to taking cash support for the war out of their bluejeans, though they have been wallowing in the high prices of the food profiteer since the war began. It is a pretty safe guess that the town men making these charges don't know rye from barley (unless both are bottled) nor a cow from somebody's goat.

Food, ships, munitions are the civilian end of the job to end the war. In shipyards and munition factories the eight hour day prevails, with time and a half for over eight hours and double pay for Sundays. Has anybody heard of an eight hour day for farmers or double pay for Sundays, especially on dairy and wheat farms where work begins at 4 A. M. and may suspend—it never ends—at 5 P. M. or at 8 P. M.?

### Farmer Guaranteed Nothing.

In the shipyards and munition factories owners up to very recently were guaranteed by the Government cost plus in all their products. With the one exception of wheat, which the world must have or starve, the farmer has been guaranteed nothing as to price of output, except that everything he needs to buy has doubled in price from blue overalls to self-binders, and not only have wages to his help doubled and quadrupled, but competent help at any wages, even shipyard wages, if the farmer could pay such, does not exist for the farmer, the farm hours being from dawn to dark and other war workers' hours only eight a day.

I said "competent help." Incompetent help, slackers, skulks, shirks dodging military service and guaranteed to break any machine in half an hour, or to run a tractor into a ditch, or to dry up a good cow in half a week—incompetent help has literally swamped the farmer since the war began, the kind of gentry that has worked in a shirt factory and comes out in kid gloves with diamonds the size and value of small potatoes to tell the farmer how to do it.

The reasons for the charge against the farmer are very similar to the reasons for the charge against labor. In the three former Liberty Loans the subscribers were not carefully classified as to origin. They were classified only as to districts; and as the districts focussed around the village or town or city bank, the village or town or city really got the credit for the total which the farmers' subscriptions rolled up.

### Rural Agents Not Organized.

Also, up to the time of the third loan, agents to place subscriptions had not been organized in each rural district and the loans did not chance to be launched at periods auspicious for ready coin among farmers. The farmer from the very nature of his output is a long credit customer. In spring, if he is a grain farmer, he must buy seed, horse power, man power with the liberality of a drunken sailor. These expenditures he ordinarily pays within six months. If he is a dairy farmer he will require the same outlay on a smaller scale in the spring plus a big fat credit in midsummer for the winter feed, which is usually contracted for in August.

The grain farm does not get its return until September, October and November; and while the dairy farm is supposed to run all the months of the year, dairymen try to time their greatest flow of milk after the heavy work of summer, so that many dairy farmers aim to carry wages



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only during the summer months and look for their big returns beginning September and October; and against the first three months of good returns the feed bill must be liquidated.

The farmer's flush money period may be set down as from late autumn to spring. These factors of the farmer's cycle were not considered in the earlier loans, but the present loan has been timed for the end of the farmer's credit year; and farm subscriptions are setting a pace for the farmer's city critics.

Another factor should be considered. Farmers were not bond investors up to the time of this war. Big bond houses might flood city mails with financial propaganda. They never sent a bond salesman out to rural districts. It took the first two loans to get the farmers into the habit of thinking bonds.

### Divided by School Districts.

In the Fourth Loan Farm Bureau agents have been utilized to form farmers' loan committees, and the farm loan districts have been pretty well divided as to school districts. Also the present loan will take as first payment the coupon payment on one of the farmer loans, but as far as returns are in on the Fourth Loan more farmers are paying cash down than instalments.

The story is told of one loan worker sent to a bleak district in the Adirondacks, a section stronger in scenery and rocks than crops. The loan worker went to the local bank manager.

"We are going to assign such and such a quota to you," he said.

"Yes," answered the local bank manager, "and where do you see that amount of loose coin lying around among these rocks? Just like you city fellows! You have a play farm up in these hills and you think because you with Wall Street money can buy bonds that these farmers who barely clear a naked living can buy bonds on the same scale as Wall Street."

At the same time the local banker accepted the quota assigned to him, and it was subscribed by the Wednesday following the opening of the drive. The quota was not large, but the district typified a sub-average, probably the very worst type of farm in the Eastern States, where city people have given a false value to rock crops and boarders and wages.

In yet another section more noted for grains and hay, the assignment was \$481,000. By Tuesday they had cleaned up \$305,000.

The loan came at a very bad time for the fruit district. Farmers were at their wits' end for fruit pickers and were paying Klondike wages and working not eight hours a day but close on twenty-four. Also they were having trouble getting cars promptly for fruit shipments, and slow

delivery of fruit may mean total loss to the producer from either midday heat or night frost on cars delayed on sidings. When told that one fruit county would be expected to take \$6,740,000, the local chairman answered:

"That is a tidy little sum for us, considering we have had a bad year and don't know whether we are going to get cars to handle what we have raised. But go ahead, we'll take it all right. Put us down as a district for the total, and we'll take care of it afterward, for we haven't time to go out and solicit subscriptions until we have our fruit saved, but we'll underwrite it."

No haggle over a cost plus contract in that response, was there?

One dairy farmer whose labor experiences had compelled him to sell off all but the pick of his herd—twenty pure blood beauties—was asked to accept the chairmanship of a committee. I may add his help had stampeded to take work in an airplane factory at from \$6 to \$10 a day.

"Gee, man!" he answered, "I can't accept the chairmanship of that committee. I am milking twenty head of stock with my own hands. I am doing every stroke of work on this farm with my own hands as my contribution to the war. I am too old to be drafted, but I have let both my sons go without a claim for exemption and the best I can do is keep up the food output. I'll take my share of the quota all right, and I'll go out at night and canvass, but I can't stir a foot off this farm from 4 A. M. until 6 P. M. After that, yes, you can count on me."

How many of the city critics of the farmer as a slacker work fourteen hours and then give four hours to loan work?

### Farmer Always Close Buyer.

The farmer as a bond buyer, like all good bond buyers, buys very close. Margins to the fraction of a cent count in bond transactions. For instance, on the farm bonds launched in June at 101 and selling by August at 106, somebody made 5 per cent. in three months, which is equivalent to 20 per cent. in a year.

On the second and third loans the farmers put up a slight protest on one score. In the fervor of patriotism people subscribed for bonds. They paid the bank their first instalment, then sold at a discount of 4 or 5 per cent. Did the local bank resell that bond at par or the discount? the farmers ask.

This time as formerly the local farm banks are loaning money to buy bonds, but they are aiming at a uniform proceeding. For the first three months of the loan on the bonds the banks will charge exactly the interest rate of the payment on the first coupon, so the bond will really have cost the borrower no interest for three months; but for the remaining

## Men Facing Hardest of Financial Problems and Great Labor Shortage Respond Nobly

period of the loan, on all progressive reductions of the loan to buy bonds, the banks will charge from 5 per cent. to 6 per cent., which, when you deduct the interest rate of the coupon, will be costing the borrower only three-quarters of 1 per cent. to 1½ per cent. and will be netting the bank barely enough to cover its overhead of extra bookkeeping.

When the first two Liberty Loans were launched there was some tremor among the little banks lest the withdrawals of savings to buy bonds and the concentration of the proceeds from the sale of the bonds in big banks would leave the little fellows shy on deposits, but this fear has proved more psychological than real. It is now a matter of actual record in Liberty Loans that the deposits withdrawn to buy Liberty bonds come back through natural circulation to the same banks within three months.

### How the Money Passes Around.

The process put in A B C terms is this: You take \$300 of your savings and buy Liberty bonds. This money goes to your Federal Reserve district. It then goes out to the local banks to pay for war purchases, in wages, munitions, food. In exactly three months it is back on deposit again from wage earners, factory owners, food producers.

The only hitch in this proceeding is another story, and it is a big one with some people, as sore as a stubbed toe or thumb out of joint. Owing to red tape, which in this case really means the tremendous pressure on Government functions, while wages are always paid promptly, credits for big war purchases—ordnance, ship plants, airplane advances—are not paid promptly.

I know country hay dealers for the army whose deferred payments have nearly tied them in bowknots, and I know big war factory companies who were to get advance payments for the expansion of their plants to be charged against future delivery of war goods, and who made their spendings between July of 1917 and January of 1918, and have not to this day got 25 per cent. of the advance. This has thrown a heavy burden of financing on local banks, but it is inevitable in the pressure of war.

The slogan has been, "Double the Third!" Within a short distance of where I write, on the shores of Lake Erie, is a farming district to which have been assigned \$80,000 of Liberty bonds. Its subscriptions three days after the drive opened totaled \$200,000—nearly three times its quota. Is the farmer buying Liberty bonds? Does the question need an answer?

### The Three Layers of Society.

One farm bond worker put the case very neatly in these words: "Our population in this country is made up of three well defined layers. At the bottom is the layer of those who barely get food and roof over their heads—chiefly owing to their own fault. At the top is the layer of those with unearned incomes—more than they can ever spend. Between is the big layer that is the backbone of our country, those who have all they need, spend freely and save some."

"Now the soldier—son of poor man and son of capitalist—has voluntarily gone down into the bottom layer to save democracy. He is getting practically what is only a bare living, food and clothes and a roof. He may be a baker, the baker's son, or Morgan's son, or Morgan's doorkeeper's son. All he asks is food, clothing, a roof; and he will lay down his life for democracy."

"It is written in the scrolls of heaven that that is what our soldier boy is doing. All right; do you think the other two layers of life here are going to do anything less?"

"They are saying, 'We, too, will give everything, down to a roof, food and clothing, to win this war.' That is why the Fourth Loan is going over the top with a whoop. That is why every loan will go over the top with accelerated speed until we win the war. We will give everything down to food, clothing and roof till we win."